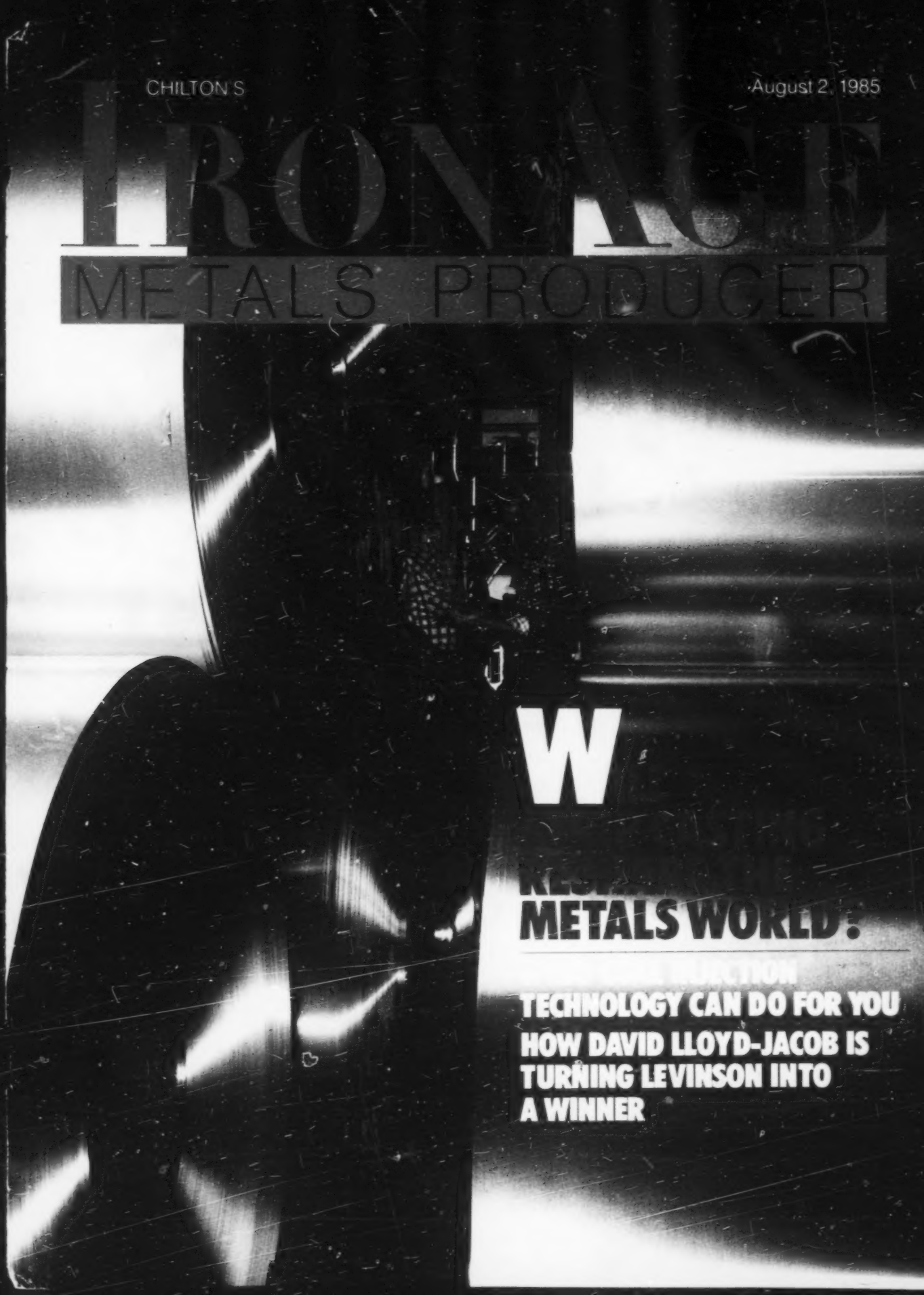
CHILTON'S

August 2, 1985

IRON AGE

METALS PRODUCER



W

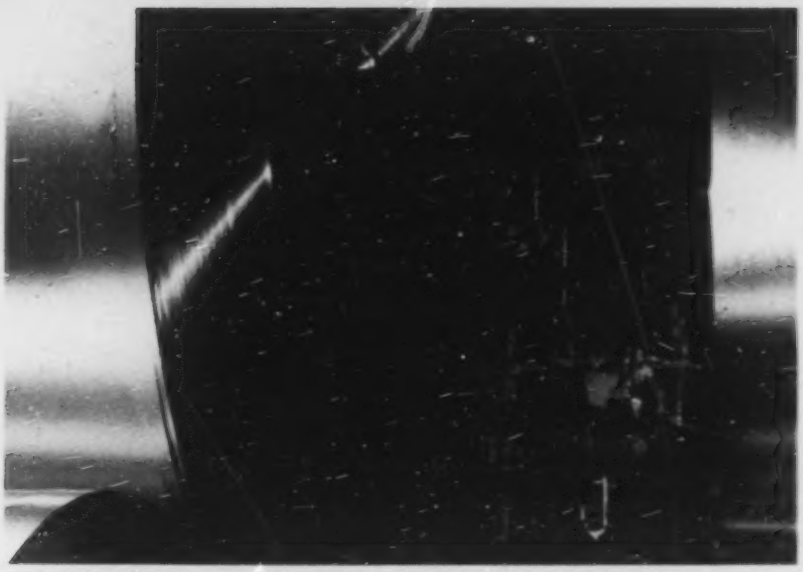
METALS WORLD:

TECHNOLOGY CAN DO FOR YOU

HOW DAVID LLOYD-JACOB IS TURNING LEVINSON INTO A WINNER

AUGUST 2, 1985 VOL. 228, NO. 15

IRON AGE METALS PRODUCER



Editorial 5
Is tomorrow today, already?

Newswatch 11
Automakers are ready to outsource more blanking operations.

The Hot Spot 23
Legislation proposes a duty on coal imports.

Order Trends 29
New orders went up—for some, at least.

Strip Casting 31
Will it be able to reshape the metals world?

Coal Injection Steel Technology 55
What this technology can mean to your operation.

In-Plant Spotlight 65
Levinson Steel takes on a new role.

How a Mill Reversed Losses 69
Putting all 'shoulders-to-the-wheel' can yield a profit.

OPT 81
This scheduling system is winning converts in the U.S.

Technically Speaking 85
New seamless tube mill involves fewer steps.

Materials Report 97
Autos and service centers are the steel market's bright spots.

Steel By George 108
Hazelett strip-casting fits its own mold.

Next Issue: Automation in steel.

Departments

EDITORIAL STAFF	8
INDUSTRIAL BRIEFS	19
PRODUCT & EQUIPMENT REVIEW	89
FREE LITERATURE	95
AD INDEX	98
BUSINESS STAFF	98
MANAGEMENT SERVICE CARD	99
P&P DATA 7/8	101
FERROUS SCRAP 7/8	102
STEEL PRICES	103
CLEARING HOUSE	105

IRON AGE (USPS 269-780) is published 24 times a year by CHILTON COMPANY, Chilton Way, Radnor, PA 19089. Chilton Co. is a division of American Broadcasting Companies, Inc., New York, N.Y. Second Class Postage Paid at Wayne, PA 19087 and additional mailing offices. IRON AGE is sent on a controlled free basis to qualified managers in U.S. metalworking companies. All others: Manufacturing Management edition—$42 one year, $69 Canada/Foreign (24 issues); Metalsproducer U.S. edition—$24 one year (12 issues), $27 one year (6 issues). Single copies, $2.50. Cable: Chilton Philadelphia.
Send address changes to IRON AGE, P.O. Box 1440, Riverton, N.J. 08077.

Chilton abc
ONE OF THE ABC PUBLISHING COMPANIES

LEVINSON TAKES ON A NEW ROLE

In what may be part of an important new trend, Levinson Steel Co. is now functioning as a mill depot for Bayou Steel Corp. of La Place, La.

The depot is in Pittsburgh, where Levinson is headquartered. Selling at mill prices, the company expects to serve customers within a 250-mile radius of the city.

In this area, said Levinson officials, the mini-mill products of Bayou will be available at about $30 a ton under the delivered prices of the nearest competing mini-mills.

"We will combine the advantages of a service center in terms of availability with the advantages of a mill in terms of price," said David Lloyd-Jacob, chairman of Levinson Steel.

This is a fairly unique combination. Carbon steel has always had one price at the mill and a separate and higher price at the service center. For the products involved, Levinson's mill depot price will average around $60 a ton under the same company's service center price.

Mr. Lloyd-Jacob saw no danger that the two-tier price structure will be blurred. In its service center business, he explained, Levinson deals with small orders and varied requirements. "Our average customer buys a ton of a size," he said. "He maybe buys three such sizes in an order."

In its role as a mill depot or distributor, he said, Levinson will have the truckload minimum of 20 tons.

Customers will be large users and other service centers.

"We are behaving just like a mill," said Mr. Lloyd-Jacob. "We have no discounts on payment terms and no other discounts. We are trying to be everything a mill is except the hardware is in La Place, La."

Mr. Lloyd-Jacob emphasized that the arrangement with Bayou was based on very solid economics.

"What we are doing here," he said, "is combining the availability of cheap barge rates, the availability of permanent surplus capacity at Bayou, and a hole in the market around Pittsburgh."

Traveling from south to north, the barge rate between La Place and Pittsburgh is only $10 a ton. "Were we to truck it or go by rail from Bayou, it would be approximately $60 a ton," said Tom Fries, Jr., sales vice president for Levinson.

The catch is that the minimum barge quantity is 1,500 tons. That means you have to deal in volume.

"We should at capacity be able to sell 100,000 tons out of the approximately 50,000 sq ft we have allocated to Bayou," said Mr. Lloyd-Jacob.

Excess Capacity

Bayou's surplus was partly due to the depressed state of the whole steel market. The company was particularly hard hit by the collapse of the nearby oil country market.

Another factor was the scale-up of mini-mill technology. The original concept was to build a mill small enough to exist on the local scrap supply and the local steel market.

Bayou's highly efficient facilities can turn out 600,000 tons a year, which is far more than the immediate area can absorb.

Accordingly, the company has entered into the Levinson deal and has set up its own mill depot in the Chicago area. Mr. Lloyd-Jacob said this was part of a general tendency of mini-mills to "burst out of the regional bubble."

According to reports, all the steel companies are doing some bursting.

To meet user demands for 'just-in-time' delivery, the large mills are said to be setting up field stocks at strategic points.

At Levinson, the products being supplied from Bayou's medium sec-

Bayou's surplus was partly due to the depressed state of the steel market. The company was hard hit by the collapse of the oil country market.

David Lloyd-Jacob
Chairman
Levinson Steel Co.

BY GEORGE MCMANUS

tion mill include beams, channels, angles, and related items. Mr. Lloyd-Jacob said the Pittsburgh region has had a deficit in these product lines.

"I have long believed this area needed a mini-mill," he said. (He considered building a mill.)

Other areas may come up short of certain products as the integrated mills continue to pull back. U.S. Steel has gotten completely out of standard structurals.

Other integrated producers are emphasizing the heavier structurals, produced to specifications for large projects.

This trend ties in with Mr. Lloyd-Jacob's contention that his gains will be at the expense of steel producers rather than other service centers.

There was concern on this point at the recent annual meeting of the Steel Service Center Institute.

"I think we calmed a number of people," said Mr. Lloyd-Jacob. "We will be taking a little bit from all the mills that supply Pittsburgh long distance." He noted, again, that other service centers are expected to be among the major buyers of the steel from Bayou.

General Nervousness

The initial uneasiness of service centers about the Levinson program reflected general nervousness in the industry. The acquisition of J. M. Tull Industries, Inc., by Bethlehem Steel Corp. suggested that steel producers may be seeking an expanded role in the service center field. Unlike basic steel, this field has produced both growth and profits in recent years.

Mr. Lloyd-Jacob, for one, has found a happy home in service centers. "Steel distribution is a great business," he said. "I wouldn't like to be a primary steel mill."

Mr. Lloyd-Jacob acquired Levinson Steel in 1983 after a varied career. He was born in Britain in 1938, the son of a World War I pilot who became a British high court judge.

After receiving degrees from Oxford University, his business life included work in the gold and zinc business and a stint as chief executive of Azcon Corp. In 1982, he spent a year as chairman of an Anglo-American arts festival. He looks and acts very British with a bluff manner and a rapid clipped way of speaking.

At Levinson, Mr. Lloyd-Jacob found a service center business that was losing money. Levinson had been a structural fabricator as well as a service center.

When fabricating was terminated in 1979, the company was left with facilities and a headquarters staff too big for the volume of business being done.

Instead of chopping off people and equipment, Mr. Lloyd-Jacob set out to increase volume. He acquired four Southeastern steel service centers of Glynwed Metals Industries in October of 1984. The acquisition and other moves boosted Levinson's sales from $20 million in 1983 to $30 million in 1984 and to an estimated $50 million in 1985.

With the added business, more efficient use of people and machines brought profits. "The computer has a certain capacity," said Mr. Lloyd-Jacob. "We can manage a doubling of size without having to buy another computer."

He is projecting sales of $100 million in 1986. He is looking at Birmingham as a possible site for another water-based mill depot. □

NOTE

ONLY THE FOLLOWING PAGES OF THIS

PUBLICATION HAVE BEEN FILMED

Cov. 1, p. 3, 7.